

## Message Text

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ACTION EB-07

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DOT-00 INR-07 NSAE-00 FAA-00 L-03 PA-01 USIA-06

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R 121537Z FEB 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6429

INFO USMISSION USBERLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: EAIR, WB, GW

SUBJECT: CIVAIR: DISCUSSION WITH AEROAMERICA HEAD

REF: BONN 53

1. SUMMARY: EMBOFFS FEBRUARY 5 HAD GENERAL DISCUSSION OF AEROAMERICA OPERATIONS WITH ITS PRESIDENT, JOEL EISENBERG AND BERLIN MANAGER, HEINZ MATHUS. BERLIN OPERATION IS THE BASIC ACTIVITY OF THE FIRM, WHICH ALSO IS INVOLVED IN MOSLEM PILGRIM TRADE BETWEEN NIGERIA AND SAUDI ARABIA AND WET LEASE OF AIRCRAFT TO NEW AND SMALL AIRLINES IN THE MID EAST AND AFRICA. THE FIRM HAS NO CHARTERS IN THE U.S. BUT DOES MAINTAIN A MAINTENANCE FACILITY AND FLYING SCHOOL IN SEATTLE. IN BERLIN AEROAMERICA IS ADDING TWO AIRCRAFT FOR CHARTER PURPOSES AND ONE TO PROVIDE SCHEDULED SERVICES BETWEEN SAARBRUECKEN AND BERLIN. THAT SERVICE IS NOW EXPECTED TO COMMENCE IN JULY OR AUGUST. CAA INFORMED EISENBERG THAT BECAUSE OF LONG DELAY IN COMMENCING SERVICE, AEROAMERICA COULD LOSE THAT ROUTE SHOULD THERE BE ANOTHER APPLICANT. EISENBERG SAID TURKISH WORKER FLIGHTS WERE VERY IMPORTANT

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TO AEROAMERICA EVEN THOUGH THEY HAD ONLY 21 SUCH FLIGHTS

LAST YEAR. HE SAID AEROAMERICA IS MAKING PROFITS ON ITS BERLIN OPERATION. END SUMMARY.

2. EMBASSY VISITED FEBRUARY 5 BY JOEL EISENBERG, PRESIDENT OF AEROAMERICA INC. AND HEINZ MATHUS, AEROAMERICA MANAGER IN BERLIN. AEROAMERICA IS PLANNING TO ADD A BOEING 707 AND A BAC 1-11 TO ITS CHARTER FLEET IN BERLIN AND A FOKKER F-27 FOR SCHEDULED SERVICE BETWEEN SAARBRUECKEN AND BERLIN. UNFORTUNATELY, THE F-27 WILL BE THE LAST TO ARRIVE AND THE SAARBRUECKEN SERVICE ORIGINALLY SET FOR JANUARY 1976 WILL NOT BEGIN UNTIL JULY OR AUGUST. EMBASSY CAA POINTED OUT THAT THIS LONG DELAY WAS BAD FROM PUBLIC RELATIONS POINT OF VIEW, AND SAID THAT ALLIED CAA APPROVAL OF AEROAMERICA'S APPLICATION FOR THIS SERVICE PROBABLY COULD NOT BE MAINTAINED IF ANOTHER CARRIER SHOULD APPLY FOR IT, THOUGH SUCH AN APPLICATION IS UNLIKELY. EISENBERG SAID HE REGRETTED THE DELAY, BUT HAD BEEN FORCED BY CHARTER OBLIGATIONS TO GIVE PRIORITY TO THE B-707 AND THE BAC 1-11. AEROAMERICA DOES NOT HAVE THE STAFF TO RUN A TRAINING PROGRAM ON MORE THAN ONE AIRCRAFT AT A TIME (THIS WAS A CORRECTION OF MATHUS'S EARLIER STATEMENT REPORTED REFTEL THAT THE HOLD-UP WAS FAA'S INABILITY TO HANDLE TWO PROGRAMS SIMULTANEOUSLY) AND THE F-27 THEREFORE MUST WAIT UNTIL THE BAC 1-11 PROGRAM IS COMPLETED IN MID-APRIL.

3. EISENBERG SAID THE BERLIN OPERATION IS GOING VERY WELL AND RETURNING A GOOD PROFIT. FIGURES SUPPLIED BY MATHUS INDICATE THAT AEROAMERICA CARRIED 151,640 PASSENGERS FROM MARCH TO DECEMBER 1975 AND EXPECTS AN INCREASE TO 260,000 IN ALL OF 1976 NOT INCLUDING THE SAARBRUECKEN SERVICE. EISENBERG EXPECTS TO EXPAND CHARTER SERVICE WITH MORE FLIGHTS TO MORE DESTINATIONS. WHILE WELCOMING THIS, EISENBERG EXPRESSED SOME CONCERN OVER THE ADDITIONAL AIRCRAFT THAT WOULD BE IDLE BETWEEN CHARTER FLIGHTS.

4. THE SAARBRUECKEN SERVICE IS EXPECTED TO DEVELOP SLOWLY AND BE ONLY ABOUT 18 PASSENGERS PER TRIP IN THE FIRST YEAR OR SO. EVEN THIS WILL BE PROFITABLE, EISENLIMITED OFFICIAL USE

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BERG BELIEVES, SINCE HE ESTIMATES THE BREAK-EVEN POINT FOR THE F-27 (TO BE PURCHASED SECOND HAND) TO BE 11 TO 13 PASSENGERS.

5. AEROAMERICA CONSIDERS TURKISH WORKER FLIGHTS A VERY IMPORTANT MARKET BECAUSE THEY PERMIT UTILIZATION OF AIRCRAFT WHEN THEY WOULD OTHERWISE HAVE TO BE IDLE. MOST CHARTER BUSINESS IS ON WEEKENDS AND AEROAMERICA

HAS AIRCRAFT AVAILABLE TO CARRY THE TURKS ON WEEKDAY DAYLIGHT FLIGHTS. EISENBERG SAID, HOWEVER, THAT THE TURKS NORMALLY WANT TO FLY AS SOON AS POSSIBLE AFTER COMPLETING THEIR WORK WEEK AND WILL NOT WILLINGLY WAIT UNTIL THE FOLLOWING MONDAY OR TUESDAY. THEREFORE, A NIGHT CURFEW AT NURENBERG WOULD BE A SERIOUS PROBLEM.

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AEROAMERICA HAD ONLY 21 SUCH FLIGHTS LAST YEAR BUT APPARENTLY HOPES TO DO BETTER THIS YEAR. MATHUS SAID THAT AT LEAST HALF OF THE TURKISH WORKERS NOW ARE TAKING THY FLIGHTS FROM SCHOENEFELD AIRPORT IN EAST BERLIN. HE CLAIMED THAT THY IS DISCOUNTING FROM ITS QUOTED ROUND TRIP PRICE OF DM 375.

6. BESIDES ITS BERLIN OPERATIONS, AEROAMERICA'S ACTIVITIES INCLUDE AN "INSTANT AIRLINE" SERVICE IN THE MIDDLE EAST AND AFRICA AND CHARTER FLIGHTS FOR NIGERIAN MOSLEM PILGRIMS MAKING THE HAJ TO MECCA (UPON COMPLETION OF WHICH AT LEAST ONE OF THE AIRCRAFT INVOLVED WENT TO

TEL AVIV FOR MAINTENANCE). THE "INSTANT AIRLINE" CONCEPT INVOLVES PROVIDING AIRCRAFT (USUALLY OBTAINED ON LEASE BY AEROAMERICA), CREWS, AND MANAGEMENT PERSONNEL FOR COUNTRIES THAT WISH TO ESTABLISH A NATIONAL AIRLINE WITHOUT WAITING TO ACQUIRE AIRCRAFT, TRAIN CREWS, ETC., OR FOR SMALL AIRLINES WISHING TO EXPAND THEIR SERVICES. CURRENTLY AEROAMERICA HAS TWO AIRCRAFT WITH AIR EGYPT. EISENBERG HOPES TO SELL INSTANT AIRLINE SERVICE TO NEWLY LIMITED OFFICIAL USE

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INDEPENDENT AFRICAN GOVERNMENTS. OF ALL AEROAMERICA'S OPERATIONS, BERLIN IS UNQUESTIONABLY THE LARGEST AND MOST IMPORTANT, EISENBERG SAID.

7. WITH THE TERMINATION OF ITS LAS VEGAS GAMBLING CASINO SPONSORED FLIGHTS TO AND FROM LOS ANGELES, AERO-AMERICA HAS NO SURVIVING CHARTER OPERATIONS IN AMERICA. NEW CAB RULES ON CHARTER FLIGHTS APPARENTLY MAKE IT IMPOSSIBLE FOR AEROAMERICA TO COMPETE IN THE U.S. MARKET. THE FIRM WILL, HOWEVER, CONTINUE TO HAVE ITS HEADQUARTERS IN SEATTLE WHERE IT IS INCORPORATED AND WHERE IT HAS A MAINTENANCE FACILITY. IT ALSO OPERATES A FLYING SCHOOL THERE TO TRAIN COMMERCIAL PILOTS, ESPECIALLY FORMER AIR FORCE PILOTS WISHING TO QUALIFY FOR COMMERCIAL LICENSES. WITH ITS MID EAST AND AFRICAN CONNECTIONS, EISENBERG SAID, AEROAMERICA CAN EMPLOY ITS GRADUATES OR GET THEM CONTRACTS WITH AIRLINES IN THOSE AREAS. AMERICAN AIRLINES, HE SAID, ARE NOT HIRING AT PRESENT. THE SCHOOL IS CERTIFIED BY THE FAA AND VA APPROVAL IS EXPECTED SHORTLY.

8. COMMENT: ON THE BASIS OF THESE TALKS AND A RECENT VISIT TO THE AEROAMERICA FACILITIES IN BERLIN, WE BELIEVE THAT THE CARRIER IS SATISFIED WITH ITS FIRST YEAR OF OPERATIONS IN BERLIN AND LOOKING FORWARD CONFIDENTLY TO A BETTER SECOND YEAR, DESPITE THE PROBLEMS OF UNDER-UTILIZATION OF AIRCRAFT AND THE CANCELLATION (SUBSEQUENT TO EISENBERG'S VISIT) OF A CONTRACT FOR 83 FLIGHTS AS A CONSEQUENCE OF THE BUSINESS FAILURE OF A TOURIST AGENCY.

9. AEROAMERICA FAILURE TO START SAARBRUECKEN SERVICE ON TIME IS REGRETTABLE, BUT IN ABSENCE OF PRESSURE FROM WEST BERLIN OR THE SAARLAND WE PLAN TO LET THE MATTER REST UNTIL AEROAMERICA IS READY TO BEGIN. WE ANTICIPATE THAT WHEN THEY HAVE THE AIRCRAFT AND ARE READY TO START THEY SHOULD BE ABLE TO DO SO, SINCE NO OTHER CARRIER HAS SHOWN AN INTEREST IN COMPETING FOR THE SERVICE.  
CROWLEY

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## Message Attributes

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